GOVERNMENT OF INDIA
PLANNING
LOK SABHA

STARRED QUESTION NO:231
ANSWERED ON:05.12.2001
CUT IN ALLOCATION OF FUNDS
SHIVRAJ SINGH CHOUHAN;VIJAY KUMAR KHANDELWAL

Will the Minister of PLANNING be pleased to state:

(a) whether the Planning Commission has warned the States to effect a majorcut in their annual allocation, if the funds provided to States for completion of the Centrally Financed Project are misused;

(b) whether it has come to the notice of the Planning Commission in the pastthat several States have diverted funds to other projects earmarked for Centrally financed projects; and

(c) if so, the names of such States and the action proposed to be taken by the Government in this regard?

Answer

THE MINISTER OF STATE OF THE MINISTRY OF SMALL SCALE INDUSTRIES, MINISTER OF STATE IN THE MINISTRY PERSONNEL, PUBLIC GRIEVANCES & PENSIONS, MINISTER OF STATE IN THE MINISTRY OF PLANNING AND MINISTER O STATE IN THE DEPARTMENT OF ATOMIC ENERGY AND SPACE (SHRIMATI VASUNDHARA RAJE)

(a) to (c): A Statement is laid on the Table of the House.

Statement referred to in reply to Part (a) of the Lok Sabha Starred Question No. 231 to be answered on 05.12.2001.

No directions have been issued to State Governments in this regard.

Statement referred to in reply to Part (b) of the Lok Sabha Starred Question No. 231 to be answered on 05.12.2001.

Yes, Sir. Planning Commission is aware that there have been cases of diversion offunds by States as indicated in various state-specific Reports of the Comptroller & Auditor General of India.

Statement referred to in reply to Part (c) of the Lok Sabha Starred Question No. 231 to be answered on 05.12.2001.

Instances of diversion of funds by States are mentioned in the Report of Comptroller and Auditor General relating to those States.

There already exists constitutional mechanism to detect and take necessary action on diversion of funds by States from the purpose it is sanctioned. In accordance with the Article 151 of the Constitution, the Audit Reports in respect offinancial transactions of the State Governments prepared by the Comptroller and Auditor General of India, which includes matters like diversion of funds from the purpose they are sanctioned, is presented to the Vidhan Sabha and it stands referred to the Public Accounts Committee in respect of Civil and Revenue Receipts. The Government Departments are then to submit suo motu Action TakenNotes on all Audit paragraphs and reviews to the Public Accounts Committee, dulyvetted by Audit. The Public Accounts Committee selects some of the paragraphs/reviews for detailed examination after which a report containing their observations and recommendations is presented to the Vidhan Sabha. Recently, Planning Commission has also decided to conduct quarterly reviews of the financialand physical progress of important projects and schemes implemented by States, in order to ensure, inter alia, that funds are not diverted from the purpose they are sanctioned.